

Message Text

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70

ACTION TRSE-00

INFO OCT-01 EA-11 ADP-00 NEA-10 IO-13 H-03 L-03 PRS-01

PA-03 USIA-15 CEA-02 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 SS-15 STR-08 OMB-01 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 RSR-01

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P 310931Z JUL 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 6954

C O N F I D E N T I A L MANILA 8658

USADB

TREASURY FOR FINKEL

E.O. 11652: ADS, DECLAS 12-31/74

TAGS: EAID, EFIN

SUBJ: ADB PROFESSIONAL STAFF SALARY INCREASE

REF: TREASURY P 272218Z JUL 73

1. MANAGEMENT PRESENTED TO BOARD MEMBERS 26 JULY 1973
(POUCHED FINKEL 31 JULY) PROPOSED SALARY INCREASE FOR PRO-
FESSIONAL STAFF AVERAGING 11 PERCENT ON A GRADUATED
SCALE RANGING FROM 15 PERCENT AT LOWER LEVELS TO 5
PERCENT AT UPPER LEVEL. CEILING OF \$30,000 AT TOP
RANGE OF PROFESSIONAL STAFF E.G. CURRENT SALARY OF
GENERAL COUNSEL, DIRECTORS OF OPERATIONS AND PROJECTS
DEPTS, UNAFFECTED BY PROPOSAL UNTIL SUCH TIME AS
CONSIDERATION GIVEN TO SALARIES OF DIRECTORS AND
ALTERNATES. (FYI PRESIDENT INOUE APPARENTLY AGREEABLE
TO CREATION SALARY COMMITTEE TO ADDRESS DIRECTORS/ALTERNATES
SALARY ISSUE.) PROPOSED INCREASE EFFECTIVE 1 AUG 1973.

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WM TIMING OF BANK PROPOSAL CONSIDERABLE SURPRISE SINCE PRESIDENT INOUE HAD PREVIOUSLY INDICATED A MID-FALL DATE, AT EARLIEST, FOR PROPOSAL AND DISCUSSION OF ISSUE. HOWEVER, EUROPEAN DIRECTORS AS A GROUP HAVE EXERTED PRESSURE ON BANK MANAGEMENT IN LAST SEVERAL DAYS TO CONSIDER SALARY PAYMENT METHODS AS WELL AS SALARY INCREASE AT EARLIEST POSSIBLE MOMENT. SPECIFICALLY, EUROPEAN DIRECTORS PUSHING HARD FOR SOME TYPE OF PROVISION IN WHICH PROFESSIONAL STAFF MEMBERS MAY ELECT TO TAKE PORTION OF SALARY IN NATIONAL CURRENCY INSTEAD OF DOLLARS. PRESIDENT INOUE EXTREMELY RELUCTANT TO CONSIDER AND PRESUMABLY FEELS THAT EARLY ATTENTION TO SALARY INCREASE ISSUE WILL REMOVE PRESSURE FOR SERIOUS DISCUSSION OF OTHER MATTER.

3. BANK PROPOSAL DOES NOT ADDRESS ITSELF TO MOST CONSIDERATIONS RAISED REFTEL. PAPER DOES INCLUDE REFERENCE TO RATES OF INFLATION BOTH LOCALLY AND WORLDWIDE AND INDICATES COMPARATIVE SALARY LEVELS IN IBRD/IMF ON VERY GENERAL TERMS. PROPOSAL DOES NOT INCLUDE INFORMATION ON STAFF TURNOVER OR REASONS FOR SUCH TURNOVER. IN ADDITION, NO SUCH MENTION OF APPLICANT TO VACANCY AND HIRING RATION AND NO COMPARATIVE INFORMATION REGARDING MEMBER COUNTRY PUBLIC SALARIES. IN GENERAL, USADB FEELS CONSIDERABLE GROUNDS FOR IMPROVEMENT AND RATIONALE FOR SPECIFIC INCREASE SUGGESTED.

4. AT THIS STAGE, USADB ANTICIPATES CONSIDERABLE DIFFICULTY IN MODIFYING PROPOSAL SET FORTH BY BANK. HOWEVER, PROPOSAL UPPER RANGE SALARY INCREASE OF 5 PERCENT IDENTICAL TO THAT SUGGESTED REFTEL. OVERALL AVERAGE OF 11 PERCENT CERTAINLY ABOVE 7 1/2 PERCENT AVERAGE INDICATED REFTEL, BUT BULK OF INCREASE TO AFFECT PROFESSIONAL STAFF AT MIDDLE AND LOWER END OF SALARY RANGES WHICH WOULD APPEAR HIGHLY IMPORTANT TO BANK'S ABILITY TO EFFECTIVELY RECRUIT U.S. NATIONALS. AT ANY RATE, WOULD FIND FULL DISCUSSIONS VERY USEFUL, INCLUDING ALL RELEVANT COMPARATIVE DATA, COST OF LIVING CONSIDERATION, ETC.

5. MAY INDEED BE MERIT IN APPROACHING INDIAN DIRECTOR REGARDING PROPOSED SALARY INCREASE. HOWEVER, MUST POINT
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OUT THAT CERTAIN BANK OFFICIALS, AS WELL AS VARIOUS COUNTRY DIRECTORS, FEEL THAT PROPOSED SALARY INCREASE ONLY BARELY SUFFICIENT FOR BANK TO CONTINUE TO ATTRACT QUALITY PERSONNEL FROM DEVELOPED COUNTRIES WHILE GENERALLY CONCERNED THAT MANY DEVELOPING COUNTRIES, PRIMARILY INDIA, HAVE CONSIDERABLE INTEREST IN RESTRAINING SALARY INCREASE SUCH THAT OWN NATIONALS MAY INCREASINGLY MOVE TO BANK POSITIONS LEFT UNFILLED BY BANK INABILITY TO DRAW ON COMPETENT DEVELOPED

COUNTRY PROFESSIONALS.
HAMILTON

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